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Sp. Security
(Industrial)

DD/A Registry
78-2042/6

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23 June 1978

MEMORANDUM FOR: Director of Central Intelligence
FROM: John F. Blake
Deputy Director for Administration

ST
28 JUN 1978

Stan:

1. We recently have had an exchange of correspondence on increasing the security provisions in Agency contracts.
2. Your last note to me of 6 June raised the following for consideration:

"What I am most specifically interested in is a 'performance clause.' What I have in mind is a clause that says if it is determined that security information has leaked out of the contractor's organization it is subject to penalties."

Your note went on to acknowledge the difficulties that might be encountered in trying to enforce the provision but you asked us to give it a try.

3. Tony Lapham and myself have been focusing on this and his reaction to the "performance clause" was as follows:

"I am not satisfied that the proposed new contract article entitled 'Special Security Provisions,' a copy of which is attached to your memorandum, would be either effective or enforceable. Nor am I convinced that there are no alternative approaches that it might be wiser to recommend to the Director.

"I had thought that the whole subject of revised contract clauses, and new ways to express and enforce the security requirements imposed on contractors, was to be taken up by the Task Force on Industrial Contracts and Industrial Security. Apparently that did not happen.

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I now think that we would be better off recommending that the Task Force be sent back to the drawing board and asked to develop well-considered alternatives plus supporting commentary."

4. Tony and I have agreed to take another approach to this matter. The development of the security provision was not a charge to the Task Force on Industrial Contracts and Industrial Security. What we have now agreed to do is to take an appropriate lawyer and an appropriate contracting officer and have them exclusively focus themselves on this matter for a two-week period. We are hopeful that in that period of time these two people can brute force something that is both sensible and enforceable. We will be in further touch.


John F. Blake

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